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Letter from John L. Carey, Secretary, American Institute of Accountants, to William R. Hassard, Esq., Re: Report of the Special Committee on Definition of Earned Surplus.

John L. Carey

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135 CEDAR STREET, NEW YORK

February 10, 1932

William R. Hassard, Esq.,
c/o Niles & Niles,
165 Broadway,
New York, N. Y.

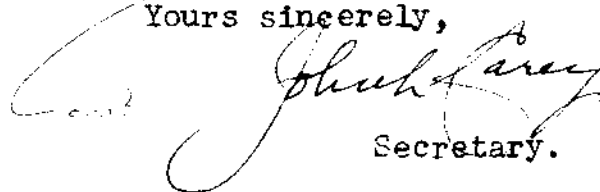
Dear Mr. Hassard:-

I have just received a response to your inquiry about the report of the special committee on definition of earned surplus, which you made about a week ago.

Mr. Arthur Andersen, who was chairman of the special committee, writes as follows:

"In the preliminary report of the committee the inclusion of this gain in earned surplus was largely in the way of a concession to a rather common practice. The majority of the replies to the questionnaire by the members of the Institute were against its inclusion in earned surplus and during the interval between the issue of the preliminary report and the final report, several criticisms had been received which the committee recognized as sound. There also appeared to be some change in the treatment of this item in actual practice. There was at no time any question in the minds of the committee but that the gain or resale of capital stock theoretically belonged in paid-in surplus."

Yours sincerely,


Secretary.

JLC:B

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